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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

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Washington DC  
406  
FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Stonebridge Securities LLC**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**12510 198th Dr NE**

(No. and Street)

**Woodinville**

**WA**

**98077**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael Hendrickson

206-770-9700

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Breard & Associates, Inc**

(Name -- if individual, state last, first, middle name)

**9221 Corbin Ave, Ste 170**

**Northridge**

**CA**

**91324**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

I, Michael Hendrickson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stonebridge Securities LLC, as of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

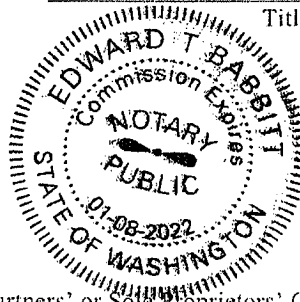
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Michael Hendrickson  
Signature

CEO

Title

Edward T. Babbitt  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



## **Report of Independent Registered Public Accounting Firm**

To the Directors and Equity owners of Stonebridge Securities, LLC

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Stonebridge Securities, LLC (the Company) as of December 31, 2017, the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

### **Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## Supplemental Information

The information contained in Schedules I, II and III ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company's management. Our audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, Schedules I, II and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

We have served as the Company's auditor since 2018.  
Seattle, Washington  
March 31, 2018

**Stonebridge Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2017**

**Assets**

Cash	\$ 14,815
Receivables from customers	18,834
Investments, not readily marketable	1
Prepaid expenses and other	<u>920</u>
<b>Total assets</b>	<b><u>\$ 34,570</u></b>

**Liabilities and Member's Equity**

**Liabilities**

Accounts payable and accrued expenses	<u>\$ 1,500</u>
<b>Total liabilities</b>	<b>1,500</b>

**Member's equity**

Member's equity	<u>33,070</u>
<b>Total member's equity</b>	<b><u>33,070</u></b>
<b>Total liabilities and member's equity</b>	<b><u>\$ 34,570</u></b>

*The accompanying notes are an integral part of these financial statements.*

**Stonebridge Securities, LLC**  
**Statement of Operations**  
**For the Year Ended December 31, 2017**

**Revenues**

**Expenses**

Communications	1,479
Professional fees	11,000
Regulatory fees	7,760
Other operating expenses	<u>13,841</u>
<b>Total expenses</b>	<u>34,080</u>
<b>Net income (loss) before income tax provision</b>	(34,080)
<b>Income tax provision</b>	<u>-</u>
<b>Net income (loss)</b>	<u><u>\$ (34,080)</u></u>

*The accompanying notes are an integral part of these financial statements.*

**Stonebridge Securities, LLC**  
**Statement of Changes in Member's Equity**  
**For the Year Ended December 31, 2017**

	<u>Member's Equity</u>
<b>Balance at December 31, 2016</b>	\$ 72,005
Member's distributions	(5,000)
Member's contributions	145
Net income (loss)	<u>(34,080)</u>
<b>Balance at December 31, 2017</b>	<u><u>\$ 33,070</u></u>

*The accompanying notes are an integral part of these financial statements.*

**Stonebridge Securities, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

**Cash flow from operating activities:**

Net income (loss) \$ (34,080)

Adjustments to reconcile net income (loss) to net  
cash provided by (used in) operating activities:

(Increase) decrease in assets:

Receivables from customers \$ 34,999  
Prepaid expenses and other (493)

Increase (decrease) in liabilities:

Accounts payable and accrued expenses 1,495

Total adjustments 36,001

**Net cash provided by (used in) operating activities** 1,921

**Net cash provided by (used in) investing activities** -

**Cash flow from financing activities:**

Member's distributions (5,000)

Member's contributions 145

**Net cash provided by (used in) financing activities** (4,855)

**Net increase (decrease) in cash** (2,934)

**Cash at beginning of year** 17,749

**Cash at end of year** \$ 14,815

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest \$ -

Income taxes \$ -

*The accompanying notes are an integral part of these financial statements.*



**Stonebridge Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Stonebridge Securities, LLC (the "Company"), a Washington limited liability company, was organized on March 19, 1999, under the name of Base Capital Securities, L.L.C. The Company operates as a registered broker/dealer in securities under the provisions of the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA").

The Company's services include raising capital for customers through the private placement process by placing securities with accredited investors, providing fee based financial structuring and consulting, and providing mutual funds and variable annuities to customers.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(1), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Receivables from customers are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial as the Company goes through a process of evaluating receivables for their collectibility

All investments in securities are recorded at fair value in accordance with FASB ASC 820, Fair Value Measurement, as described in Note 3. Net realized gains or losses from the sale of these securities are computed based on specific identification of historical cost. Net unrealized gains or losses arises from changes in the fair value of these securities during the period is included in income

**Stonebridge Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(Continued)**

The Company receives fees in accordance with terms stipulated in its engagement contracts. Fees are recognized as earned. The Company also receives success fees when transactions are completed. Success fees are recognized when earned, the Company has no further continuing obligations, and collection is reasonably assured.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. At December 31, 2017, property and equipment are fully depreciated.

The Company is treated as a disregarded entity for federal income tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the member. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

The Company has evaluated events subsequent to the statement of financial condition for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Note 2: INCOME TAXES**

The Company is treated as a disregarded entity for federal income tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the member. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

**Stonebridge Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 3: FAIR VALUE MEASUREMENTS**

The Company adopted FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in an active market for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model derived prices whose inputs are observable or whose significant value drivers are observable;

Level 3 - Assets and liabilities whose significant value drivers are unobservable.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

<b>Assets</b>	<b><u>Fair Value</u></b>	<b><u>Level 1 Inputs</u></b>	<b><u>Level 2 Inputs</u></b>	<b><u>Level 3 Inputs</u></b>
Investments, not readily mkt	\$ -	\$ -	\$ -	\$ 1
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>

***Valuation of Investments***

Investments, not readily marketable included restricted corporate stock and warrants received from closely held companies. Some of the companies become bankrupt, are in the process of financial restructuring and/or have no active market. These stocks and warrants have been evaluated quarterly and has been deemed to have an arbitrary value of \$1.

**Stonebridge Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 3: FAIR VALUE MEASUREMENTS**

**(Continued)**

The following table includes a rollforward of the amounts for the year ended December 31, 2017 for financial instruments classified with Level 3:

	<u><b>Investments</b></u>
<b>Bal, 12/31/2016</b>	\$ 1
Unrealized gains (losses)	-
Realized gains (losses)	-
Purchases	-
<b>Bal, 12/31/2017</b>	<u><u>\$ 1</u></u>

**Note 4: GOING CONCERN**

The Company has experienced losses from operations and has expectation that losses may occur in the future. This raises substantial doubt about the Company's ability to continue as a going concern. The Company maintained its operations through receivables and through equity contributions by its sole member, who had pledged to continue to fund the Company's operations until the Company's revenues can cover its costs.

**Note 5: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**

For the year ending December 31, 2017, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following ASU releases to determine relevance to the Company's operations.

**Stonebridge Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**

**(Continued)**

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Note 7: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2017, the Company had net capital of \$13,315 which was \$8,315 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$1,500) to net capital was 0.11 to 1, which is less than the 15 to 1 maximum allowed.

**Stonebridge Securities, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2017**

**Computation of net capital**

Member's equity	\$ 33,070	
<b>Total member's equity</b>		\$ 33,070
Less: Non-allowable assets		
Receivables from customers	(18,834)	
Investments, not readily marketable	(1)	
Prepaid expenses and other	<u>(920)</u>	
<b>Total non-allowable assets</b>		<u>(19,755)</u>
<b>Net capital</b>		13,315

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 100	
Minimum dollar net capital required	<u>\$ 5,000</u>	
Net capital required (greater of above)		<u>(5,000)</u>
<b>Excess net capital</b>		<u><u>\$ 8,315</u></u>
Ratio of aggregate indebtedness to net capital	0.11 : 1	

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2017.

*See report of independent registered public accounting firm*

**Stonebridge Securities, LLC**  
**Schedule II - Computation for Determining of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2017**

A computation of reserve requirements is not applicable to Stonebridge Securities, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(1).

*See report of independent registered public accounting firm*

**Stonebridge Securities, LLC**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2017**

Information relating to possession or control requirements is not applicable to Stonebridge Securities, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(1).

*See report of independent registered public accounting firm*



**Stonebridge Securities, LLC**  
**Report on Exemption Provisions**  
**Report Pursuant to Provisions of 17 C.F.R. § 15c3-3(k)**  
**For the Year Ended December 31, 2017**



**Report of Independent Registered Public Accounting Firm**

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Stonebridge Securities, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Stonebridge Securities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(1) (the "exemption provisions") and (2) Stonebridge Securities, LLC stated that Stonebridge Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Stonebridge Securities, LLC's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Stonebridge Securities, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Breard & Associates, Inc.*

Breard & Associates, Inc.  
Certified Public Accountants

Seattle, Washington  
March 31, 2018



March 31, 2018

Breard & Associates, Inc.  
9221 Corbin Ave, Suite 170  
Northridge, CA 91324

RE: Exemption Statement Rule 15c3-3 (k)(1) for FYE December 31, 2017.

Dear Mr. Breard,


Please be advised that Stonebridge Securities, LLC has complied with Exemption Rule 15c3-3 (k)(1), for the period of January 1, 2017 through December 31, 2017. Stonebridge Securities, LLC did not hold customer securities or funds at any time during this period and does business on a limited basis (publicly registered non-trades REITS, and oil & gas partnerships). Stonebridge Securities, LLC's past business has been of similar nature and has complied to this exemption since its inception.

Michael A Hendrickson, the president of Stonebridge Securities, LLC has made available to Breard & Associates, Inc. all records and information including all communications from regulatory agencies received through the date of this review December 31, 2017.

Michael A Hendrickson has been responsible for compliance with the exemption provision throughout the fiscal year. Also, there were not any know events or other factors that might have affected Stonebridge Securities, LLC's compliance with this exemption.

If you would like additional information or have any questions, feel free to call me directly at (206) 770-9700.

Very truly yours,

  
Stonebridge Securities, LLC  
Michael A Hendrickson  
President